

TECUMSEH TOWNSHIP

LENAWEE COUNTY

STATE OF MICHIGAN

FINANCIAL STATEMENTS AND AUDITORS' REPORT

Fiscal Year Ended June 30, 2008

Auditing Procedures Report

Instructions and MuniCodes

=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name	TECUMSEH TOWNSHIP	County	LENAWEE	Type	TOWNSHIP	MuniCode	46-1-210
Opinion Date-Use Calendar	Sep 15, 2008	Audit Submitted-Use Calendar	Nov 11, 2008	Fiscal Year End Month	06	Fiscal Year	2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input type="checkbox"/>	<input type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input type="checkbox"/>	<input type="checkbox"/>	13. Is the audit opinion unqualified?
		14. If not, what type of opinion is it? <input type="text" value="Qualified"/>
<input type="checkbox"/>	<input type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	18. Are there reported deficiencies?
	<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text" value="290,665.00"/>
General Fund Expenditure:	<input type="text" value="192,897.00"/>
Major Fund Deficit Amount:	<input type="text" value="0.00"/>

General Fund Balance:	<input type="text" value="549,688.00"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations)

CPA (First Name)	DAVID	Last Name	WALTERS	Ten Digit License Number	1101013521
CPA Street Address	116 W. ADRIAN ST.	City	BLISSFIELD	State	MI
		Zip Code	49228	Telephone	+1 (517) 486-4371
CPA Firm Name	DAVID W. WALTERS, P.C.	Unit's Street Address	7750 HENDERSHOT HWY	Unit's City	TECUMSEH
				Unit's Zip	49286

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Board of Trustees
Tecumseh Township
Lenawee County, Michigan

We have audited the financial statements of Tecumseh Township, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Michigan, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of Tecumseh Township, as of June 30, 2008 and the revenues received and expenditures paid for the year then ended on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the governing body and management of Tecumseh Township and for filing with the State of Michigan. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


David W. Walters, PC

September 15, 2008

Tecumseh Township
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2008

	Governmental Fund Types	Fiduciary Trust and Agency	Account Group General Fixed Assets
	<u>General</u>	<u>Agency</u>	<u>Fixed Assets</u>
Assets			
Cash and Cash Equivalents (Note 3)	\$ 549,541	176	
Equipment (Note 4)			38,687
Due From Other Funds	147		
	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>549,688</u>	<u>176</u>	<u>38,687</u>
Liabilities and Fund Balance			
Liabilities			
Due to Other Funds		\$ 147	
Due to Trust		29	
Fund Balance (Note 3)			
Investment in general fixed assets			38,687
Reserved	130,230		
Unreserved:			
Designated	214,765		
Undesignated	<u>204,693</u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	\$ <u>549,688</u>	<u>176</u>	<u>38,687</u>

The notes to the financial statements are an integral part of this statement.

Tecumseh Township
Combined Statement of Revenue Received, Expenditures Paid and Changes in Fund Balance
All Fund Types and Account Groups
Year Ended June 30, 2008

	<u>Governmental</u>	<u>Groups</u>
	<u>General</u>	<u>General Fixed Assets</u>
Revenues Received		
Taxes	\$ 131,215	
Licenses & permits	3,552	
State revenue sharing	130,892	
Interest and penalties	16,447	
Services & other	8,559	
Total revenues received	<u>290,665</u>	
Expenditures Paid		
General government	100,699	
Road maintenance	26,198	
Public safety	66,000	
Total expenditures paid	<u>192,897</u>	
Excess Revenues (Expenditures)	97,768	
Fund Balance - July 1, 2007	<u>451,920</u>	<u>38,687</u>
Fund Balance - June 30, 2008	\$ <u>549,688</u>	<u>38,687</u>

The notes to the financial statements are an integral part of this statement.

Tecumseh Township
Combined Statement of Revenues Received, Expenditures Paid and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2008

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues Received			
Property taxes	\$ 119,000	131,215	12,215
Licenses and permits	3,000	3,552	552
State revenue sharing	130,000	130,892	892
Interest and penalties	10,400	16,447	6,047
Services and other	6,600	8,559	1,959
Total Revenues Received	\$ 269,000	290,665	21,665
Expenditures Paid			
Operating	46,236	36,173	10,063
Supervisor	10,320	10,320	0
Clerk	8,880	8,880	0
Treasurer	8,880	8,880	0
Board of Review	900	800	100
Zoning Board	1,500	430	1,070
Legislative	5,000	4,322	678
Assessing	13,600	13,532	68
Professional	12,200	12,177	23
Building inspection	4,000	3,640	360
Drains	1,600	1,545	55
Fire protection	66,000	66,000	0
Road Maintenance	89,884	26,198	63,686
Total expenditures paid	269,000	192,897	76,103
Excess Revenues - (Expenditures)	0	97,768	97,768
Fund Balance - July 1, 2007	451,920	451,920	0
Fund Balance - June 30, 2008	\$ 451,920	549,688	0

The notes to the financial statements are an integral part of this statement.

Tecumseh Township
Combined Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Assets				
Cash in bank	\$ 27	667,777	667,628	\$ 176
Liabilities				
Due - Trust	27	1002	1000	29
Due - Other Funds/Agency	0	201,816	201,669	147
Due - County & State	0	64,887	64,887	0
Due - Schools	0	400,072	400,072	0
	\$ 27	667,777	667,628	\$ 176

The notes to the financial statements are an integral part of this statement

Tecumseh Township
Notes to Financial Statements
June 30, 2008

1) Summary of Significant Accounting Policies

Tecumseh Township is an unincorporated local unit of government (general law township) governed by the elected Board of Trustees. The Township provides the following services provided by law: General Government, Public Safety (Fire Protection) and Planning and Zoning activities.

Basis of Accounting

The cash basis of accounting is followed by all funds which differs from Generally Accepted Accounting Principles. Generally Accepted Accounting Principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Basis of Presentation: Fund Accounting

The accounts of Tecumseh Township are organized on the basis of funds and account groups, each of which is a separate entity with its own self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. Resources are accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities. Tecumseh Township uses the following generic fund types in its activities.

Governmental Fund Types

General Fund

The general operating fund of the Township accounts for all financial resources that are not required to be accounted for in the specific revenue funds.

Fiduciary Fund Type

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for other funds and/or other governments. These include Expendable Trust and Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Tecumseh Township
Notes to Financial Statements (Continued)
June 30, 2008

1) **Summary of Significant Accounting Policies-Continued**

General Fixed Assets

General fixed assets purchased are recorded as expenditures in the applicable fund at time of purchase. Such assets are capitalized at cost or estimated cost in the general fixed assets group of accounts.

No depreciation has been provided on general fixed assets.

2) **Stewardship, Compliance and Accountability**

Budgetary Information

The Township follows the procedure in establishing the budgetary data reflected in the financial statements in accordance with Uniform Budgeting and Accounting Act (P.A. 621 of 1978). Public hearings are conducted at the Township Hall to obtain taxpayer comments, and prior to June 30, the budget is legally enacted on a departmental basis through passage of a resolution. Formal budgetary integration is employed as a management control device during the year for the General Fund and the budget for the General Fund was adopted on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP), at the fund level.

Compliance with P.A. 621, of 1978.

1. **Deficit Fund Balance**

The general fund did not have a deficit balance.

2. **Excess of Expenditures Over Appropriations with Budgetary Funds**

The general fund did not have expenditures in excess of appropriations.

Tecumseh Township
Notes to Financial Statements (Continued)
June 30, 2008

3) Detail Notes on all Funds

Deposits and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and Corporate bonds and commercial paper with certain investment grades.

Deposits (cash and certificates of deposit) are carried at cost which approximates market value. The carrying amount of deposits are separately displayed on the balance sheet as "Cash".

The carrying amount of the Township's deposits with financial institutions at June 30, 2008 was \$ 549,717 and the bank balance was \$ 550,009. The bank balance is categorized as follows:

Amounts insured by the FDIC/NCUSIF	\$ 200,000
Uncollateralized	<u>350,009</u>
Total Bank Balance	\$ <u>550,009</u>

In October, as a result of the Emergency Economic Stabilization Act of 2008, FDIC and Federal Credit Union deposit insurance limits were temporarily increased to \$250,000 per account, until December 31, 2009.

Property Taxes

Property tax assessments are determined (Tax Day) as of each December 31, and are levied on December 1 of the following year. The Township bills and collects its own property taxes and also taxes for the County and various school districts which are accounted for in the Tax Collection Agency Fund.

The Township is permitted by state law to levy up to \$ 1.00 per \$ 1,000 of equalized valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt, subject to constitutional limitations.

The following is a summary of the tax rates levied on the 2007 tax roll and source of authorization:

Tecumseh Township
Notes to Financial Statements (Continued)
June 30, 2008

Property Taxes - Continued

Purpose	Authorization	Term	Per \$ 1,000 of State Equalized Value		Rate Levied
			Authorized Rate (Pre- Rollback)*	Authorized Rate (Post- Rollback)*	
Operating	State Law	-	1.0000	0.8121	0.8121
Public Safety	Voted	2005-2007	1.0000	0.7500	0.7500

*Rollback refers to the required reduction in millage rates to comply with provisions of state law (211.34d).

Public Act 245 of 1999 Compliance

In accordance with the State Construction Code Act, Public Act 245 of 1999, the Township must account for cumulative revenues over or under expenditures generated by the Township's building department from January 1, 2000 and forward.

The cumulative amounts as of June 30, 2008 are as follows:

Cumulative Balance at June 30, 2007	\$ (2,183)
Fees Collected in Fiscal Year 2008	3,552
Expenditures in Fiscal Year 2008	(3,640)
Revenues Over (Under) Expenditures	<u>\$ (2,271)</u>

Detail Listing of Fund Balances for Reserved and Unreserved Balances

A detailed description of Fund Balances at June 30, 2008 is presented below:

	<u>General Fund</u>
Fund Balance:	
Invested in general fixed assets	\$ 38,687
Reserved For:	
Public Safety	130,230
Unreserved:	
Designated For:	
Subsequent Year Budget	40,000
Land Management	214,765
Undesignated	<u>164,693</u>
Total Fund Equity	<u>\$ 588,375</u>

Tecumseh Township
Notes to Financial Statements (Continued)
June 30, 2008

4) **Changes in Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the fiscal year:

	Balance 6/30/07	Additions	Deletions/ Retirements	Balance 6/30/2008
Equipment	\$ 38,687			\$ 38,687
Total General Fixed Assets	<u>\$ 38,687</u>	<u>0</u>	<u>0</u>	<u>\$ 38,687</u>

5) **Commitments & Subsequent Events**

The Township has entered into a \$ 66,000 contract for Fire Protection. The Township has also entered into an annual contract with its assessor for \$ 13,332 + \$1 per parcel increase. There are no reportable subsequent events.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of
Tecumseh Township

We have audited the general purpose financial statements of Tecumseh Township, as of and for the year ended June 30, 2008, and have issued our report thereon dated September 15, 2008.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Tecumseh Township, is the responsibility of the Township's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Tecumseh Township complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Township has not complied, in all material respects, with those provisions.

This report is intended for the information of the Township Board, management, and the Department of Treasury. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

David W. Walters, PC

September 15, 2008



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Board of Trustees
Tecumseh Township
Lenawee County, Michigan

We have audited the general purpose financial statements of Tecumseh Township for the year ended June 30, 2008, and have issued our report thereon dated September 15, 2008.

We have conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of Tecumseh Township, for the year ended June 30, 2008, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The Township officials are responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

We noted that there was one tax collection that was not remitted to all of the respective agencies within the prescribed 10 business days after the first and fifteenth day of each month of collecting activity. These amounts not remitted timely were the final settlements to three agencies totaling \$7,093 of the \$666,775 collected. These amounts were not an issue with the applicable agencies.

We did not find any other matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

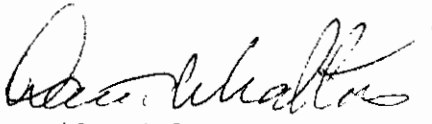
Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

In addition to the above comment concerning internal control we also have the following comments:

1. Consolidate the warrant and the check with dual signatures on the actual check. MCL 41.76 requires that the clerk initiate cash disbursements for all township funds (other than the tax collection fund) with a "warrant" signed by the clerk, and forwarded to the treasurer, who prepares and signs the checks, after board approval.

This report is intended solely for the information and use of the Tecumseh Township Board, management, and others within the administration. If any questions arise concerning our recommendations or the implementation thereof, we would be pleased to assist in what ever capacity you may require.

We sincerely thank the Tecumseh Township officials for their excellent assistance and cooperation in the conduct of the audit. Thank you for the opportunity to provide these services to the Tecumseh Township.



David W. Walters, PC

September 15, 2008